



General Assembly

January Session, 2011

Amendment

LCO No. 8595

HB0640708595HD0

Offered by:

REP. ZALASKI, 81st Dist.
SEN. PRAGUE, 19th Dist.
REP. TONG, 147th Dist.

REP. ALBERTS, 50th Dist.
REP. RIGBY, 63rd Dist.
SEN. GUGLIELMO, 35th Dist.

To: Subst. House Bill No. 6407

File No. 279

Cal. No. 176

**"AN ACT ALLOWING EMPLOYERS TO PAY WAGES USING
PAYROLL CARDS."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective October 1, 2011*) (a) As used in this
4 section:

5 (1) "Direct deposit" means the payment of an employee's wages,
6 salary or other compensation by credit to such employee's account in
7 any bank which has agreed with the employer to accept such wages,
8 salary or other compensation;

9 (2) "Payroll card" means a stored value card or other device used by
10 an employee to access wages from a payroll card account. It does not
11 mean a gift certificate, as defined in section 3-56a of the general
12 statutes; and

13 (3) "Payroll card account" means an account that is directly or
14 indirectly established through an employer and to which transfers of
15 the employee's wages, salary or other compensation are made and
16 accessed through the use of a payroll card.

17 (b) An employer may require direct deposit of an employee's wages,
18 salary or other compensation or the use of payroll cards to deliver
19 wages, salary or other compensation to employees, provided:

20 (1) An employee hired before October 1, 2011, consents, in writing
21 or electronically, to the direct deposit of such employee's wages, salary
22 or other compensation or the payment of wages, salary or other
23 compensation using a payroll card.

24 (2) An employee hired on or after October 1, 2011:

25 (A) Is given a form that, in clear and conspicuous language, allows
26 the employee the option of receiving wages, salary or other
27 compensation by direct deposit to his or her personal account at a
28 financial institution or through a payroll card; and

29 (B) Is notified, in clear and conspicuous language, that failure to
30 return the form provided pursuant to subparagraph (A) of this
31 subdivision, to the employer in time to process the employee's initial
32 wage, salary or other compensation payment with the information
33 necessary to implement direct deposit will be considered consent to
34 receiving wages, salary or other compensation through a payroll card.

35 (c) An employee shall be allowed to make at least one withdrawal
36 or transfer each pay period without charge for any amount deposited
37 to the payroll account by the employer up to and including the full
38 amount of the employee's wages, salary or other compensation.

39 (d) None of the employer's costs associated with paying wages,
40 salary or other compensation using a payroll card or establishing the
41 payroll card account shall be deducted from or charged against the
42 wages, salary or other compensation delivered to the employee.

43 (1) Neither the employer nor the card issuer shall charge the
44 employee fees for (A) issuing a payroll card, (B) transferring wages,
45 salary or other compensation onto the payroll card, (C) providing one
46 replacement card per year, if needed, during the employee's
47 employment with the employer and for sixty days after the
48 termination of such employment with the employer, or (D) any
49 inactivity or dormancy of the payroll card account.

50 (2) A payroll card account may bear an expiration date, provided
51 (A) the funds on the card do not expire, and (B) prior to the expiration
52 date, the employee is provided with a replacement card, without
53 charge, during the employee's employment with the employer and for
54 sixty days after the termination of such employment with the
55 employer.

56 (e) The payroll card account may escheat pursuant to section 3-57a
57 of the general statutes.

58 (f) An employer shall provide the employee a means of checking his
59 or her account balances through an automated telephone system and
60 electronically without cost to the employee.

61 (g) Prior to obtaining consent from the employee under subdivision
62 (1) of subsection (b) of this section, or, for an employee hired on or
63 after October 1, 2011, prior to an employer requiring the use of payroll
64 cards to deliver wages, salary or other compensation to the employee,
65 the employer shall provide the employee with clear and conspicuous
66 notice, in writing, and in the language the employer normally uses to
67 communicate employment-related policies to his or her employees, of
68 the following items:

69 (1) The terms and conditions relating to the use of the payroll card,
70 including a list of fees that may be assessed by the card issuer;

71 (2) The methods available to employees for accessing their full
72 wages, salaries or other compensation in lawful money of the United
73 States of America without any transaction fee to the employee for such

74 access;

75 (3) The methods available to employees for checking their balances
76 in the payroll card account without cost;

77 (4) A statement as to whether third parties may assess additional
78 fees; and

79 (5) The means, other than a payroll card, by which an employee is
80 entitled to receive payment of wages, salary or other compensation.

81 (h) Neither the payroll card nor the payroll card account shall be
82 linked to any form of credit. No fees or interest may be imposed upon
83 the employee for an overdraft or a declined transaction.

84 (i) The employer shall furnish the employee with a statement of
85 deductions made from his or her wages, salary or other compensation
86 for each pay period in accordance with section 31-13a of the general
87 statutes, as amended by this act.

88 (j) Each employee with a payroll card shall be permitted, on timely
89 notice to the employer and without cost, fear of reprisal,
90 discrimination or other penalty, to receive his or her wages, salary or
91 other compensation by direct deposit into a personal account at a
92 financial institution. The employer shall begin payment by direct
93 deposit not later than fourteen days after receiving both the
94 employee's request and the account information necessary to make the
95 deposit.

96 (k) Each employee with a payroll card shall be provided with access
97 to the terms and conditions relating to the use of the payroll card,
98 including the current schedule of fees. This requirement may be
99 satisfied by (1) posting such terms and conditions clearly and
100 conspicuously on a web site accessible to the employee at any time,
101 and, in addition to such posting (2) providing, upon the employee's
102 request, (A) electronic notice to the employee to the address at which
103 the employer regularly communicates other types of employment

104 information to the employee, (B) mailing notice to the employee at his
105 or her last-known mailing address, (C) distributing the notice directly
106 to the employee in the employer's place of business, or (D) through
107 other means used by the employer to distribute employment-related
108 information and notices individually to employees.

109 (l) Each employee with a payroll card shall be provided written
110 notice, at least twenty-one days before the effective date, of any change
111 in a term or condition required to be disclosed if such change would
112 result in: (1) Increased fees for the employee, (2) increased liability for
113 the employee, (3) fewer types of available electronic fund transfers, or
114 (4) any stricter limitation on the frequency or dollar amount of
115 transfers, except such notice is not required if an immediate change in
116 terms or conditions is necessary to maintain or restore the security of
117 the payroll card, the payroll card account or an electronic fund transfer
118 system. If such change is made permanent and disclosure would not
119 jeopardize the security of such card, account or system, the employee
120 shall be notified, in writing or electronically, within thirty days of
121 making the change permanent.

122 (m) Each employee with a payroll card shall have access to a history
123 of his or her payroll account transactions that covers at least the sixty
124 days prior to the date the employee accesses such history. The
125 employer shall provide employees with either (1) a confidential means
126 of accessing such information electronically, along with the ability to
127 print the transaction history without cost, or (2) a means for the
128 employee to receive a written transaction history once a month from
129 the card issuer without cost.

130 (n) Wages, salary or other compensation paid to an employee using
131 a payroll card shall be maintained in an account that is insured by the
132 Federal Deposit Insurance Corporation or the National Credit Union
133 Administration on a pass-through basis to the employee.

134 (o) A payroll card account that is used to receive only employee
135 wages, salary or other compensation shall be exempt from execution

136 under section 52-367b of the general statutes in accordance with
137 subsection (f) of section 52-361a of the general statutes.

138 (p) All notices required by this section shall be clear and
139 conspicuous.

140 (q) Nothing in this section shall be construed to preempt or override
141 the terms of any collective bargaining agreement with respect to
142 methods of an employer's payment of wages, salary or other
143 compensation due to employees.

144 (r) Nothing in this section shall be construed to restrict the fees that
145 a payroll card issuer may charge the employer pursuant to a payroll
146 card agreement between the payroll card issuer and the employer,
147 provided those fees are not charged to or passed onto any employee.

148 (s) The Labor Commissioner may adopt regulations, in accordance
149 with the provisions of chapter 54 of the general statutes, to ensure
150 compliance with this section.

151 Sec. 2. Subsection (a) of section 31-71b of the general statutes is
152 repealed and the following is substituted in lieu thereof (*Effective*
153 *October 1, 2011*):

154 (a) Each employer, by himself, his agent or representative, shall pay
155 weekly all [moneys] wages, salary or other compensation due each
156 employee on a regular pay day, designated in advance by the
157 employer [in] using one or more of the following methods: (1) In cash,
158 (2) by negotiable checks, or [upon an employee's written request, by
159 credit to such employee's account in any bank which has agreed with
160 the employer to accept such wage deposits] (3) by direct deposit or on
161 a payroll card, provided the requirements of section 1 of this act are
162 satisfied.

163 Sec. 3. Section 31-13a of the general statutes is repealed and the
164 following is substituted in lieu thereof (*Effective October 1, 2011*):

165 (a) With each wage payment each employer shall furnish to each

166 employee, in writing or electronically, a record of hours worked, the
 167 gross earnings showing straight time and overtime as separate entries,
 168 itemized deductions and net earnings, except that the furnishing of a
 169 record of hours worked and the separation of straight time and
 170 overtime earnings shall not apply in the case of any employee with
 171 respect to whom the employer is specifically exempt from the keeping
 172 of time records and the payment of overtime under the Connecticut
 173 Minimum Wage Act or the Fair Labor Standards Act.

174 (b) If the record of hours is furnished electronically pursuant to
 175 subsection (a) of this section, the employer shall provide a means for
 176 each employee to access the information and print it without cost to
 177 the employee. Any information contained in the record furnished
 178 electronically pursuant to subsection (a) of this section shall
 179 incorporate safeguards to ensure the confidentiality of an employee's
 180 personal information."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	New section
Sec. 2	<i>October 1, 2011</i>	31-71b(a)
Sec. 3	<i>October 1, 2011</i>	31-13a